



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

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## *Memorandum*

TO: Administration Committee

DATE: September 2, 2009

FR: Executive Director

W.I.:

RE: Investment Report for July 2009

In accordance with the adopted investment policy, attached are the comprehensive investment holdings for MTC and all operating units.

Total funds under MTC management are just under \$2.3 billion. A breakdown by fund is as follows:

<b><u>Fund</u></b>	<b><u>Balance (\$ million)</u></b>	<b><u>% of Total</u></b>
BATA RM1*	\$ 1,010.4	43.9%
BATA Debt Service Reserve	270.3	11.8%
BATA Seismic	359.3	15.6%
BATA Trustee Funds	12.9	0.6%
BATA RM2	116.0	5.0%
AB 1171	80.0	3.5%
BAIFA	154.3	6.7%
MTC	165.9	7.2%
FasTrak® (Customer Deposits)	46.5	2.0%
BART Car Exchange Program	71.0	3.1%
SAFE	10.6	0.5%
RAFC	1.7	0.1%
Portfolio Total	\$ 2,298.9	100.0%

\*includes rehab, reserves, capital

The Bay Area Infrastructure Financing Authority (BAIFA) funds include annual payments and reserve funds held by the trustee to retire the outstanding bonds. The BART Car Exchange fund is held in trust for future replacement of BART cars.

The portfolio consists mainly of Government Sponsored Enterprises (GSEs). The portfolio breakdown is as follows:

<b><u>Security Holding</u></b>	<b><u>Portfolio Composite</u></b>	<b><u>Policy Limits</u></b>
Fed Home Loan Bank	29.4%	No limit
Fed Home Loan Mortgage	15.7%	No limit
Fed National Mortgage Association	3.4%	No limit
Tennessee Valley Auth	0.4%	No limit
Cash	6.6%	No limit
Gov't Pools	0.1%	No limit
CA Asset Mgmt Program (CAMP)	11.1%	No limit
Municipal Bonds	21.6%	No limit
Mutual Funds	7.9%	20% Portfolio/10% One Fund
Blackrock (BATA Trustee)	0.6%	Trustee Funds – No limit
Goldman Sachs (BAIFA)	3.2%	Trustee Funds – No limit
Portfolio Total	100.0%	

Funds held by trustee are subject to permitted investments authorized in the approved issuing documents and are not subject to mutual fund limits as defined in the MTC Investment Policy.

The MTC portfolio holds \$186.4 million in variable rate demand obligations (VRDO) issued by various California local agencies. The VRDOs are recognized as short term (30 days) investment bonds for accounting classification purposes even though the various securities have maturities up to 30 years. The classification as short term investments is possible because VRDOs have “liquidity instruments” that allow the bonds to be “put” to the liquidity bank at any time with seven days notice.

BAIFA and BATA have recently added the following VRDOs to their investment holdings:

- Eastern Municipal Water District CA  
\$22.45 million/uninsured  
Underlying ratings Aa3/AA/AA  
JP Morgan liquidity (A1+/P1)

On May 28, 2009 BATA purchased \$110 million of its own VRDO's and held them until the debt portfolio was restructured in August. Results will show in the August report.

If there are any questions, please contact Brian Mayhew at (510) 817-5730.

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Steve Heminger

SH:SW